



a **TECO Group** company

CODE OF BEHAVIORAL ETHICS

(Leg. Decree of June 8, 2001 no. 231)

Approved by the Board of Directors on Oct. 31, 2012

CONTENTS

Foreword

Code recipients

1. GENERAL PRINCIPLES

- Honesty and fairness
- Legality
- Respect for human dignity and equal rights
- Safety, healthcare and protection of working conditions
- Individual and team work
- Social responsibility
- Confidentiality
- Transparency
- Commitment to sustainable development

2. CRITERIA OF CONDUCT

A. Criteria of conduct in relations with shareholders on accounting issues

- Transparency of Accounting ledgers
- Accuracy and filing of Company documents and internal audits
- Financial statements
- Respectability of counterparties
- Interviews
- Money laundering

B. Criteria of conduct in relations with colleagues and company management

- Consulting and professional services
- Confidential information
- Privacy Protection
- Personnel hiring and permanent contracts
- Computers and communication devices
- Use and protection of Company assets
- Consumption of drugs and alcohol
- Conflict of Interest

C. Criteria of conduct in relations with general public

- Gifts and benefits
- Representative expenses
- Subsidies and business trips
- Relations with the Public Administration
- Relations with the Judicial Authorities



MOTOVARIO[®]
HEART OF MOTION

a TECO Group company

D. criteria of conduct in relations with suppliers and consultants

3. PROCEDURES FOR THE IMPLEMENTATION OF THE CODE OF ETHICS

- Application of the Code to third subjects
- Contractual relevance of the Code
- Operational principles
- Shared obligations
- Rules of conduct for Company Management
- Obligations of Division Managers
- Employee obligations
- Reporting a breach and requesting advice
- Responsibility
- Breach investigations
- No retaliation
- Breaches relating to service provision
- Code application and legal consequences
- If seeking more information on the Code
- Identifying infractions in advance



FOREWORD

This Code of Ethics (hereinafter also referred to as the “**Code**”) expresses the ethical principles and values endorsed by the Employees, Colleagues and Partners 1 of MOTOVARIO S.p.A. (hereinafter also referred to as “**MOTOVARIO**” or the “**Company**”) when conducting Company business and activities. The Code also outlines the measures that the Company wishes to enforce from an ethical-behavioral point of view, in order to adapt its structure to the requirements imposed by Leg. Decree no. 231/2001 (hereinafter also referred to as the “**Decree**” and establish the line of conduct within and without the Company that is to be followed in the pursuit of Company objectives². Therefore, the principles described in this Code encompass and extend to the organizational and management models referred to by articles 6 and 7 of Leg. Decree 231/2001.

The Code of Ethic is thus formed:

- **general principles** in other words, the values that are counted essential and that are shared and recognized by the Company in achieving its mission, to which the various *stakeholders* involved are expected to inspire themselves in favoring the Company’s efficient management, its reliability and image;
- **criteria of conduct** applied to all categories of *stakeholders*, which provide the guidelines and standards expected of MOTOVARIO Employees, so as to ensure compliance with the general principles and prevent the risk of potential unethical behavior;
- **Implementation procedures** that describe the System that monitors observance of the Code and guarantees its ongoing improvement.

MOTOVARIO reiterates, also by way of this document, its will to create the conditions for a new business ethics, in order to effectively face the challenges posed by modern markets.

Its Employees therefore agree to comply with the principles and regulations contained in this Code, including the other *policies* of ethical-behavioral nature in other form adopted by the Company.

By arranging adequate information, prevention and control instruments, MOTOVARIO guarantees the transparency of its conduct, taking action if necessary to stem possible Code breaches and ensuring its actual observance.

Code recipients

The Recipients of this Code (hereinafter also referred to as the “**Recipients**”) are:

- i. the members of the Board of Directors (hereinafter the “**Board**”);
- ii. the Company’s Board of Auditors;
- iii. employees hired with a permanent or term-based contract;
- iv. external consultants;
- v. all other third parties with whom the Company entertains contractual relations in the pursuit of its objectives and that entail the provision of services (including temporary) or, in other words, the

1. Stakeholders are Company Directors, employees and those who acting by effect of specific mandates or proxies, represent the Company with third parties.

2. The Company’s image is one of its most valued assets. All Stakeholders are expected to protect and improve that image and to ensure that Company abides by applicable laws, regulations and ethical models that touch on its typical business. The Code recipients are required to know those laws and ethical standards and to know the Company’s pertaining policies and guidelines.

performance of activities on behalf or in the name of the Company, to the extent that they establish a trust-based relation with said parties.

Company Management is committed to provide the Recipients:

- suitable training and briefing sessions regarding the contents of the Code;
- ensuring its prompt distribution (copy of the Code delivered to all personnel), so as to prove its Employees were duly informed beforehand, with signature of receipt and a commitment on their part to comply with its contents, and also by posting the Code on its website and on the Company intranet;
- regular monitoring respect and observance of the Code;
- guaranteeing that the Code is regularly revised and updated, in order to adapt it to any changes in the Company's organizational or administrative structure, to developments in civil awareness, to environmental conditions and to the legislative framework;
- enforcing appropriate tools for prevention, taking measures to impose fines and timely applying them in the event of a proven breach to the provisions of the Code.

Finally, considering that the Code is an integral part of their employment relation, Company employees agree to act and behave in keeping with what set out in this document, to report any breaches as soon as they come to know of any, and to actively participate in applying internal procedures devised to enforce the Code within the Company.

1. GENERAL PRINCIPLES

HONESTY AND FAIRNESS

MOTOVARIO entertains its relations with *stakeholders* according to rules of fairness, loyalty, cooperation and mutual respect. In no circumstance can the pursuit of the Company's interests justify dishonest conduct. MOTOVARIO's employees cannot accept homages, gifts and assets or succumb to any form of pressure that steers their conduct to external interests unrelated to the Company.

LEGALITY

In conducting its business, the Company abides by the law and regulations in force in the Countries where it markets its products, and by the Code of Ethics and internal Company rules.

RESPECT FOR HUMAN DIGNITY AND EQUAL RIGHTS

MOTOVARIO respects fundamental individual rights, upholding personal moral integrity and guaranteeing equal rights.

No behavior is tolerated in internal and external relations that discriminates against race, religious belief, age, health, political and labor views, nationality, sexual preference and, in general, any personal human quality. The Company considers social differences to be an opportunity in terms of innovation and development, achieved by encouraging dialogue and feedback of ideas, opinions and experiences.

The Company also ensures conditions in the workplace that are respectful of proper social behavioral norms. Furthermore, it exerts all efforts so that no instances of *mobbing* or *stalking* occur in the workplace.

SAFETY, HEALTHCARE AND CONDITIONS IN THE WORKPLACE

The Company is committed to diligently act in observance of the applicable legal provisions and standards on occupational health and safety, as well as to encourage their enforcement within the Company.

MOTOVARIO is also committed to spreading and strengthening a culture of safety, instilling greater awareness of potential risks and advocating responsible conduct on the part of all its employees.

The Company continuously inspects its premises and annexed plants that it either owns or leases, or that it in any other ways uses, even outside the scope of its legal obligations and the prevention of risks that are of imminent threat, in order to ensure the highest level of health and safety in the workplace.

MOTOVARIO's employees agree to provide their utmost cooperation and availability to the HSE and to anyone who is in charge of inspections and controls on behalf of any competent public Agency.

If the Employees of MOTOVARIO should notice unusual circumstances or breaches with pertinence thereto, they must immediately inform their Employer or, if applicable, the delegate Employer, pursuant to art. 16 of Leg. Decree 81/2008, besides the HSE.

INDIVIDUAL AND TEAM-WORK

Work must be based on principles of trust and cooperation, as required by Company guidelines and the rules for relations between colleagues.

Teamwork is encouraged and stimulated. Personal interests must never come before Company objectives.

SOCIAL RESPONSIBILITY

MOTOVARIO applies socially responsible procurement policies that are not only based on legal requirements, but also on rules of conduct that are normally ethically and reasonably expected.

CONFIDENTIALITY

MOTOVARIO Employees agree to treat all information acquired in performing their work as confidential and, therefore, not to disclose it to others, except to the extent that its disclosure is necessary for them to perform their work. The Company also demands that the information obtained be not used for personal interests, with the aim of drawing undue debt in ways that are contrary to the law, or so that the Company's rights, wealth and objectives are thereby harmed.

TRANSPARENCY

Employees of MOTOVARIO are required to provide transparent, precise, complete and understandable information, so that in relations with the Company, *stakeholders* can independently make decisions, aware of the interests involved, of available alternatives and of significant consequences. More specifically, when drafting any contracts, MOTOVARIO makes sure it specifies to the counterparty the conduct expected of it in all foreseen circumstances, in a clear and comprehensible manner.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

The Company is committed to acting in compliance with the applicable legislation, applying the best technology available to promote and plan development of its business, aimed at streamlining the use of natural resources, preserving the environment for future generations and supporting initiatives for widespread environmental protection.

2. CRITERIA OF CONDUCT

A. CRITERIA OF CONDUCT IN RELATIONS WITH SHAREHOLDERS ON ACCOUNTING ISSUES

TRANSPARENCY OF ACCOUNTING LEDGERS

Accounting transparency is based on accuracy, truthfulness and thoroughness of the basic data documented in ledger entries. Each member of Company Boards, its management or the individual employee are required to cooperate, to the extent of their scope of responsibilities, so that administrative facts are correctly and efficiently reported in the ledgers.

Every transaction or operation must be authorized, verifiable, legitimate, apt, coherent and correctly and promptly documented and registered in the Company's accounting system, in accordance with the criteria established by law and on the basis of the applicable accounting principles.

It is forbidden to engage in conduct that can affect the transparency and traceability of information entered in the financial statements.

Every transaction is filed in the Company records with its supporting documentation, in order to allow:

- simple and timely accounting registrations;
- real time determination of the characteristics and reasons behind the transaction;
- identification of the various levels of responsibility and distribution and separation of tasks;
- an accurate reconstruction of the transaction, also to reduce the likelihood of errors, material and interpretational.

Employees and stakeholders (the latter to the extent they have been assigned thereto) who notice omissions, falsifications, or negligence in the Company's accounting system or in the documents on whose basis registrations are made, are required to inform the management or the division manager who they work for of their discovery.

If a report has no outcome or, in other words, if the employee or stakeholder does not feel comfortable with contracting his/her division manager to file a report, that employee or independent worker reports the matter to the Supervisory Board.

Consultants file reports directly to the Supervisory Board, to the extent of the service they provide to the Company.

ACCURACY AND FILING OF COMPANY DOCUMENTS AND INTERNAL AUDITS

It is the duty of every Recipient to document and report all commercial information in a truthful and accurate manner. This rule also concerns information on job applications and on reported labor hours, representative expenses, production data, sales and commercial and/or marketing activities. Falsifying or modifying these documents, or knowingly approving false documentation entails serious consequences for the concerned individual(s).

No employee or independent worker can make payments in the interest and on behalf of the Company, if the documentation to support the payment and its formal authorization are lacking.

Financial documents must exactly reflect Company management facts and be drafted according to the criteria established by the law and the applicable and commonly accepted accounting principles. It is forbidden to withhold or deliberately conceal the real nature of any Company fact registered in the accounting ledgers and/or to omit reporting them; the same applies to any other Company document that can affect the representation of the Company's financial position.

It is absolutely forbidden to open and/or hold concealed funds and reserves. The Company organizes training sessions and refresher courses to its employees, with the aim of informing the Recipients on the rules (provisions of law also on document filing and obligatory books and ledgers, regulations, internal prescriptions, trade category instructions) that apply to the drafting and management of accounting documents.

The documentation must be filed and destroyed in accordance with MOTOVARIO's filing policy.

Recipients must contact their division managers or the Supervisory Board for instructions on how to file documents afferent to their division. They are required to immediately contact the above-mentioned subjects or Board if they are informed or know of the existence of a pending notice of indictment.

All documents that may concern the notice of indictment or other notices submitted over the course of investigations or at a later date must be kept on file, without taking account of the rules for document filing. Any question concerning the document's pertinence to a criminal proceeding in progress or closed must be addressed to the aforesaid subjects and Board. Recipients must make sure that Company information is appropriately used. Documents that no longer need to be filed in accordance with the Company's filing/document elimination rules must be destroyed or eliminated for good. The Company on all levels advocates a mentality veered to sound financial principles.

A positive attitude to audits considerably contributes to improving Company efficiency.

Internal audits are all the tools employed by the Company to direct, manage and check its business, with the goal of ensuring compliance with the law and with Company procedures, protect its assets, efficiently manage business and provide accounting and financial data that is accurate and complete.

Every level of the organizational structure is required to contribute in developing an efficient and effective internal control system. For this reason, all Company employees are therefore responsible for making the internal control system work, as pertains to their line of work and their job-tasks. The Company guarantees its management and auditing Boards, as well as the Supervisory Board, they will be granted free access to all data, documents and information that is useful to the performance of their work.

Recipients are expected to fully cooperate with said Boards, actions that hinder or disturb management and auditing by Company Boards is strictly prohibited.

FINANCIAL STATEMENTS

MOTOVARIO takes responsibility for complying with all directives that concern the drafting of financial statements. All Recipients involved in the drafting process must operate so that no untruthful information is reported that could affect proper representation of the Company's business in its financial statements. To ensure that financial information is efficiently distributed, any unfaithful conduct, any conflict of interest, real or alleged that involves the Recipients, and any inobservance of the ethical rules applicable to said personnel, must be reported by Recipients who are involved in preparing the Company's financial statements, to the Supervisory Board or their division manager.

RESPECTABILITY OF COUNTERPARTIES

Before they establish permanent business relations or stipulate agreements with suppliers and customers, Recipients must make sure that the latter enjoy a respectable reputation, that all their business is legal and that they are inspired by ethical principles comparable to those of MOTOVARIO.

INTERVIEWS

If someone outside MOTOVARIO, such as press and TV reporters, financial analysts, or investors should directly or indirectly or through an intermediary, make inquiries on the Company, it is best to abstain from responding, unless the Company has specifically authorized a response. Requests for interviews to the Company must be approved by the Chairman of the Company Board, or by a person specifically appointed to grant authorization, before it is publicly disclosed. With the sole exception of requests for financial information made public, diligent compliance with this rule of conduct is paramount, since an inappropriate or imprecise response, or denied or disowned information could negatively affect the Company.

MONEY LAUNDERING

The Company guarantees that its economic and financial business will not be used, not even potentially, as a tool to conduct illegal activities and to support criminal and terrorist organizations.

MOTOVARIO at all times applies national and international money laundering legislation to its business engagements.

It is therefore a routine custom of the Company to diligently check the information available on its commercial counterparties, its suppliers, *partners* and consultants, in order to verify their respectability and that their business is legitimate, before it enters a business relation with them. The Company, moreover, checks that the transactions it is an involved party in do not display, not even potentially, the risk of favoring the receipt, replacement, or investment of money or assets profited from criminal activities.

B. CRITERIA OF CONDUCT IN RELATIONS WITH COLLEAGUES AND COMPANY MANAGEMENT

CONSULTING AND PROFESSIONAL SERVICES

Consultants and external temporary workers, as well as suppliers, are required:

to uphold the same behavioral *standards* expected of MOTOVARIO employees, when conducting business with or on behalf of the Company.

No employee is authorized, not even indirectly through a third party, to take any action that is not allowed by Company policies.

Those who act in the name of and/or on behalf of MOTOVARIO are required to uphold and protect the Company's professional, respectable and fair image.

Use of the name and good name of MOTOVARIO is absolutely forbidden to *former* service providers and consultants, once their business relation with the Company comes to an end.

Commercial integrity is a key *standard* factor in selecting and maintaining relations with those who represent the Company..

CONFIDENTIAL INFORMATION

As part of their obligations with the Company, all Recipients must protect MOTOVARIO's confidential information and employ it only in the Company and in its exclusive interest. The term "**confidential information**" refers to information on both current and planned Company business that has not been made public and that, if used or unduly publicized, could financially profit third parties, with unjust harm to the Company.

Confidential information includes, but is not limited to: commercial secrets and *knowhow*, patented trademarks, sales and marketing plans and strategies, information on customers and suppliers, strategies to calculate prices and decide purchases, financial figures, production processes and technology, *software*, data, formulas, compounds, technique, service and new product protocols. All third party incoming information entrusted to the Company is also to be considered as confidential.

All confidential information is property of MOTOVARIO (and/or of the transferee(s) of intellectual property rights) and can only be used in the pursuit of the Company's best interest.

More specifically, Recipients who are in possession or have access to confidential information must:

- avoid disclosing this information to persons outside the Company. As such, they must not discuss the information with family members, with persons with whom they entertain business or social ties, or in public places, including taxi cabs, elevators and restaurants;
- not exploit the information to their advantage or the advantage of persons foreign to the Company;
- make sure that the information is marked as "**confidential**", "**reserved**" or with a similar marking;
- make sure confidential information is solely accessible by entering a *password*; if this is not possible, the information must be stored in safe place and, at any rate, under the close supervision of the persons in charge when the information is being used;
- not disclose confidential information to other Recipients, unless it is strictly unavoidable in order to pursue Company aims.

Confidential information must be treated as described above even after the Recipient(s) stop working for the Company. Recipients are required not to disclose confidential information to a new employer or to other parties even after their employment relation with the Company comes to an end.

When the employment relation ends, the Recipient is required to hand over all documents and materials that contain confidential information on MOTOVARIO to their line/division manager. Failure to comply with this confidentiality obligation is the source of serious culpability for the breaching subject. Besides taking all action to protect its own confidential information, the Company is respectful of the confidential information of others. If the Recipients should unduly come to know of confidential information, or be informed of such by parties sworn to secrecy, they are required to notify the Supervisory Board.

PRIVACY PROTECTION

The Company is sensitive to the privacy of Recipients, which it safeguards by adopting the most suitable safety precautions and measures for the processing of personal information and/or sensitive data collected from time to time from its Recipients. As required by the applicable law, it is forbidden to conduct any surveys or polls of the opinions, preferences, personal tastes and, more in general, of the private life of Code Recipients. It is also forbidden, except when established otherwise by the law, to disclose/distribute personal details without prior consent of the subject concerned; rules are therefore necessary to ensure that each Recipient is informed of the laws that protect his/her privacy. Should activities be suspected that are in breach of legislation on privacy or to the privacy policy enforced by the Company, i.e that are not in breach of the safety standards, they must be reported at once to the line/ division manager, to the data controller and to the Supervisory Board.

PERSONNEL HIRING AND PERMANENT CONTRACTS

Personnel engagements, on one hand, respond to the need to acquire new skills and professional qualities on the market lacked by the Company, while on the other, the need to add young adults to its workforce on whom invest to guarantee growth and development to the Company.

Search and recruitment of candidates to hire is assigned to Human Resources and is considerate of the *privacy* of screened candidates, based only on objective and transparent evidence, granting equal rights regardless of gender, race, etc. and rejecting any type of personal favoritism.

All new enrollments are offered a valid labor contract, as required by the legislation applicable in the Country where the employee is hired; no form of black labor is by any means allowed or tolerated.

On the date the Employee is hired and during the first trial period in the Company, he/she is precisely briefed, especially concerning the rules that regulate his/her employment relation, the Health and Safety rules and procedures applied in the workplace, Company policies and the rules of this Code, with the aim being to ensure from the beginning of the employment relation that there are no misunderstandings and to speed up the process of integrating the Employee into Company life and culture..

COMPUTERS AND COMMUNICATION DEVICES

Every Recipient is required to adopt the measures that are necessary to ensure the safety of their PC and any *voicemail* or speaker access system. Recipients are expected to abide by the following rules when using their *password*:

- be sure to choose a *password* that is difficult to hack, i.e. not their own name or surname;
- be sure to change their *password* at least once every three months;
- never reveal their *password* to anyone within or without the Company, nor note it down, thereby making it accessible to others.

All digital information that is classified as sensitive, confidential, or reserved must be protected by a *password*. If for whatever reason the Recipient thinks his/her *password* or the Company's PC security or the communication devices, including computers, voicemail systems or e-mail, are at risk, he/she must change the password at once and inform his/her line/division manager of the suspected risk.

Company resources must not be used for illegal purposes, or in a manner that bothers or is offensive to others. When sending an e-mail or other recorded messages, it is advisable not to send comments, or use a language, images, or other types of recordings that could be the source of embarrassment if read by third parties. Remember that "**private**" e-mails can be easily forwarded to a broad audience and cannot be "recalled" once they have been sent. Use of PC's and communication devices owned by MOTOVARIO to send e-mails or to access the internet exposes the Company's public image. Their use must not smear the Company's reputation and must in no way harm its image. Use of PC's and communication devices must follow Company *policies*, the *privacy* policy, copyrights, trademarks, commercial secrets and other considerations on intellectual property.

USE AND PROTECTION OF COMPANY ASSETS

Every employee is required to exercise caution in order to safeguard Company assets, behaving responsibly and in keeping with the conduct procedures designed to regulate their use, precisely keeping written record of their use.

More specifically, every employee/worker of MOTOVARIO must:

- use the assets entrusted to him/her with sparingness;
 - avoid improper use of Company assets that can cause damage or impair efficiency, or that at any rate is in contrast with the Company's interest;
 - obtain authorization to use the assets outside Company premises, should there be need for such use.
- All measures must be taken against theft, wrecking and wrong use of Company assets by employees/workers.

DRUG AND ALCOHOL ABUSE

All Recipients must personally contribute to promote and uphold an atmosphere of mutual respect in the workplace.

Being found or simply being under the influence of alcohol, drugs, or substances that induce similar effects while at work or in the workplace will be considered as conduct jeopardizing the above atmosphere of mutual respect.

CONFLICT OF INTEREST

Code Recipients must make sure that every *business* decision is made in the Company's interest. They must as such avoid all situations that represent a conflict of interest between personal or private economic activities and job posts held in the Company that may impair their impartial judgment and decisions.

If one of the Recipients finds him/herself in a situation that can even only potentially constitute or determine a conflict of interest, he/she must promptly inform his/her line/division manager or the Supervisory Board.

In the event of a possible conflict of interest, the first thing to do is to promptly and thoroughly report it to the person(s) in charge.

With special regard to employees, it is furthermore stressed that no one must take advantage of opportunities that could arise by exploiting the wealth, the information in his/her possession, or the job post held in the Company, and must not conduct any activity that could determine or constitutes a conflict of interest, including but not limited to.

By mere way of example, the following situations can determine a conflict of interest:

- having economic and financial interests, including through family members, with suppliers, customers, or competitors;
- accept gifts, money, or favors of any kind from persons, companies, or agencies that entertain or intend to enter a business relation with the Company;
- use his/her position in the Company or information acquired on the job in a way that creates a conflict between his/her own interests and those of the Company.

C. CRITERIA OF CONDUCT IN RELATIONS WITH GENERAL PUBLIC

GIFTS AND BENEFITS

It is explicitly forbidden to make any form of gift that can also be interpreted as exceeding standard commercial custom or courtesy or in any way meant to receive special treatment in the performance of any activity that can be linked to the Company.

More specifically, it is forbidden to make any kind of gift to public officers or their family members.

This rule of conduct applies independently of whether the gift is offered or received.

It is stressed that a gift is anything that contributes a benefit to the giver/receiver (discounts that are higher than those normally applied by the Company, promising a job position, etc.).

In any case, the Company abstains from practices that are not allowed by the law, by standard commercial custom, or by Codes of Ethics of other companies or Agencies with which it entertains relations. Any gifts received, except ones of small value, must be managed and authorized in accordance with company procedure and must be reported.

REPRESENTATIVE EXPENSES

Expenses for meals, business trips and entertainment offered by third parties must be of small value and for justified commercial reasons. All expenditures will be made in compliance with the laws in force and the pertinent Company *policies*.

SUBSIDIES AND BUSINESS TRIPS

It is natural that in the normal pursuit of its business, MOTOVARIO will promote itself and its products, or that it will promote the development of the industry it is involved in, granting subsidies, sponsoring events or organizing trips for current or potential customers, taking charge for their cost and expenses. Said costs and expenses must be reviewed in advance to establish if they are in line with this Code, the Decree, other applicable laws and the *policies* adopted by the Company on such issues. Any possible doubts regarding thereto must be submitted for preliminary review to the Supervisory Board or the Board of Directors of the Company.

RELATIONS WITH THE PUBLIC ADMINISTRATION

Relations between the Company and the Public Administration, public officials, public service officers or public agents, must be inspired by the most strict observance of the law and applicable regulations, besides other specific *policies* approved by the Company, and cannot in any way compromise the Company's integrity and image.

Engaging commitments and managing relations of any kind with the Public Administration, public officials, or public service officers are exclusively reserved to Company divisions authorized to do so and to duly authorized personnel.

It is explicitly forbidden to take any action or make any promise of money or other commodity for illegal aims or to seek advantages.

This line of conduct applies not only to payments and/or promises made in person, but also those made indirectly under any form, even through consultants or third parties. In case of doubt, the Recipient must contact the Supervisory Board.

RELATIONS WITH THE JUDICIAL AUTHORITIES

In case it is involved in lawsuits (administrative, civil or criminal), the Company will abide by the law and by the provisions set out in this Code of Ethics.

More specifically, it is forbidden to Company boards and employees with a power of attorney to represent the Company before a Court to promise or give money or another commodity to magistrates, judges, chancery officers and trial witnesses, with the aim influencing the verdict in favor of MOTOVARIO.

D. CRITERIA OF CONDUCT IN RELATIONS WITH SUPPLIERS AND CONSULTANTS

The Company seeks the professional skill and willingness to share the principles and contents of this Code in its suppliers and outsourced workers, and strives to build long-lasting relations to progressively improve *performance* in safeguarding and sponsoring Code principles and contents.

Procurement and supply of goods and outsourced labor (including consultants, agents, etc.) demand that the Recipients:

- receive support from suppliers and external workers in providing continued customer and consumer satisfaction that effectively caters to their reasonable expectations in terms of quality, costs and delivery times;
 - follow internal protocol when selecting and handling relations with suppliers and outsourced workers and do not preclude to anyone having the requisites sought out by the Company to compete for a supply order; evaluate objective qualities only in the recruitment process, in accordance with spelled out and transparent procedures;
 - abide by the contractual conditions and request their compliance by the counterparty;
 - have an open and honest dialogue with suppliers and external workers, according to good commercial customs;
 - promptly report to their line/division manager and to the Supervisory Board possible Code breaches.
- Fees paid must only be commensurate to the service mentioned in the contract and no payments are to be made to anyone besides the contractual counterparty, or to a Country foreign to where the parties have residence or the contract terms are executed.

Every supplier and consultant will be paid with bank cheque, bank receipt, or by wire transfer on a bank account of the supplier/consultant.

3. PROCEDURES FOR THE IMPLEMENTATION OF THE CODE OF ETHICS

APPLICATION OF THE CODE TO THIRD SUBJECTS

Anyone, even if acting in the name and/or on behalf of the Company, who comes into contact with third parties, with whom the Company wishes to enter legally binding agreements, or with whom it must by law entertain an institutional, social, political, or any other type of relation, is required to:

- a) inform the parties of the engagements and obligations expected of them by the Code;
- b) demand that they fulfill their obligations as pertains to their business;
- c) take a course of action within the Company that will guarantee observance of the Code, in the event that the third parties refuse to comply or if they fail to or partly unattend their obligation to follow the provisions contained in the Code.

CONTRACTUAL RELEVANCE OF THE CODE

The Code, considered on a whole and along with all the relevant procedures approved by the Company for its implementation, is an integral part of extant and bargained Employment Contracts, pursuant to art. 2104 of the Civil Code.

Breaching any of its contents will therefore qualify as a criminal offence and, as such, liable to prosecution and to a fine by the Company, pursuant to and by effect of art. 7 of Law 300/1970; the offence in question may also lead to a request for damage compensation by the Company.

As for independent contractors, consultants, contractual counterparties and other third parties, agreeing to or, at any rate, endorsing the rules and principles set out in the Code are a *mandatory* preliminary condition for the Company to sign any form of agreement with said subjects; it thus follows that the approved, notified and accepted rules and principles form an integral part of signed agreements. In light of the above, any breach by third parties of specific Code provisions entitle the Company to withdraw from the agreement entered with such parties and also fully qualifies as just cause for its termination, pursuant to art. 1456 of the Civil Code.

The Company appoints the Supervisory Board to act as Code "**Gaurantor**".

The Board's role involves the following tasks:

- a) establish, jointly with Company management, the criteria and procedures to enforce compliance with the Code;
- b) promote guidelines and operating procedures with the aid of Company divisions that share in the responsibility;

- c) plan training and briefing sessions for employees with the goal of increasing knowledge and understanding of the Code within the Company;
- d) verify that the Code is, indeed, implemented;
- e) review reports of potential Code breaches;
- f) inform the Chairman of the Board of Directors and/or the Managing Director of the outcome of any investigations conducted with regard to Code breaches, to then apply fines and, at any rate, serve as consultant in the regulatory process, if requested;
- g) submit action plans to the Chairman of the Board and/or to the Managing Director meant to help increase Code distribution and update;
- h) initiate and maintain an adequate flow of information between concerned subjects to whatever degree involved in ensuring compliance with the Organizational Model;
- i) submit an annual report to the Board on the Code's scope of implementation.

OPERATIONAL PRINCIPLES

The efficient enforcement of this Code of Ethics largely depends on operational principles that have been applied by the Company ever since it was founded:

- actions that agree with Company values and customer requirements (bargaining fairness);
- constructive, transparent, direct, honest and timely communication;
- a commitment to build, thanks to received trust;
- active involvement in teamwork and learning from mutual mistakes;
- progressive and relentless improvement of standing;
- definition of ambitious goals, without fear of encountering risk.

SHARED OBLIGATIONS

It is a Company policy to comply with the laws and regulations applicable to its industry of business. No action that breaches those laws and regulations must be undertaken in the name of the Company. Each Recipient must endorse the Company's legal and ethical principles that apply to its business and, if in doubt as to the appropriateness of the suggested conduct, he/she must request the Supervisory Board to express an opinion on whether his/her conduct is in line with the rules set out in this Code. The Company is committed to act with integrity and to manage its business according to the highest ethical models. Everyone must do his/her best to properly interact with customers, suppliers, competitors and colleagues. The tendency should not be to gain the upper hand in business relations by manipulating, concealing or abusing privileged information, or by misconstruing empirical fact. The attitude of each employee must be fair to everyone.

This Code states rules on conduct, personal and professional; as such, endorsing the Code does not in the least integrate stipulated engagements or guarantee a permanent position.

RULES OF CONDUCT FOR COMPANY MANAGEMENT

The Board members, Company Division Managers and Auditors are expected to follow the rules of this Code and to uphold values of honesty, loyalty, fairness and integrity in exercising their role, knowingly sharing the Company's mission.

It is the duty of the Board members to ensure the principles of this Code are upheld in practice, strengthening trust and cohesion, inspiring values to the Company.

To this end, the Board draws inspiration from the values expressed by the Code, even when establishing business goals. The Board acts in the full awareness that it is timely interpreting the principles expressed in this Code.

OBLIGATIONS OF DIVISION MANAGERS

Every Division Manager is required to:

- a) set an example to his/her staff in terms of conduct;
- b) make sure that staff follows the Code;
- c) take measures so that employees understand that abiding by the contents of the Code is an integral and substantial part of their professional service;
- d) recruit employees and independent workers who are sure to apply the principles of the Code;
- e) promptly notify the Supervisory Board any reports of breaches or requests for clarifications received from employees;
- f) prevent any form of extortion within his/her Division against workers or independent contractors who have taken part in the observance and factual implementation of the Code.

EMPLOYEE OBLIGATIONS

Every employee is expected to know the rules of this Code and the reference laws that regulate his/her job tasks. It is an Employee's obligation to:

- a) apply Code rules and abstain from behavior that is contrary to those rules;
- b) always contact the line/division manager and Supervisory Board if in doubt, to receive clarifications on how to apply the Code or the reference legislation;
- c) promptly notify the line/division manager(s) of any received reports on possible Code breaches, except if the breach directly involves the division manager in question; if so, the employee must notify the next **manager** in line;
- d) provide assistance to the Company in investigations that aim to verify and, if there is need to, fine potential breaches.

The employee is not authorized to conduct investigations in person on presumed illicit conduct, but must notify his/her line manager(s) of known reports on such conduct.

The "**line/division manager**" is the person next in line to the employee, who is in charge by formal assignment or, at any rate, legitimately supervises and/or monitors his/her work.

REPORTING A BREACH AND REQUESTING ADVICE

The Recipients of the rules of this Code are required to report any behavior that is even only potentially in contrast with its rules to the Supervisory Board or to their line/division managers. No one will suffer retaliation for having reported a suspected breach of the rules.

If doubts should arise while pursuing Company business as to the appropriateness of a certain conduct to this Code, or to other ethical-behavioral policies enforced by the Company, Recipients are expected to contact the Supervisory Board or their line/division managers. Every recipient is individually responsible for applying these rules and no one is expected to “apply them alone”.

Any and all Recipients of the Code of Ethics can report an verified or suspected breach of the Code of Ethics for Professional Conduct, in writing through a secure information channel: guaranteeing the anonymity of the reporting Recipient, the Supervisory Board will decide case by case if there is reason to preliminary investigation, in light of the available evidence.

Recipients can send reports to the following e-mail address: odv@motovario.it

The reporting Recipient is kept confidential, except if otherwise required by law.

RESPONSIBILITY

An essential condition to work with the Company is to uphold a conduct that agrees with the legal requirements and key principles described in this document.

Inobservance of these rules of conduct can legitimize the application of regulatory measures, based on the contents of the pertinent paragraphs of this Code, and may even result in the employee’s dismissal. The civil or criminal responsibility of the Recipient(s) for behavior that breaches the rules of this Code is a distinct and separate issue. As soon as the Company is notified of presumed breaches, it will decide, based on a number of significant parameters, namely the seriousness of the breach and the circumstances that have led to it, or based on Company protocol; the Company must consider the number of years an employee has been with the Company, his standing and contribution. Disciplinary measures may consist in the employee’s temporary lay-off or suspension, or in his/her dismissal. Furthermore, if the Company suffers loss due to the breach (assets or financial), it is entitled to take legal action against the perpetrator to receive compensation. The Company will cooperate with the competent Authorities if laws have been violated and, if it thinks it is necessary, it will directly report the breach to said authorities.

BREACH INVESTIGATIONS

All suspected breaches will be immediately investigated and handled with the utmost discretion; more specifically, investigations on breaches presumed of employees will be conducted as required by law and by the collective labor contract (please see the relative paragraph in this Code).

It is forbidden to the person who reported the breach to conduct investigations of his own accord. Investigations on presumed breaches may involve complex legal issues; acting out of one’s own initiative

can, therefore, invalidate the investigation and have severe repercussions on the employee and Company. All reports of suspected breaches to this Code or, in other words, refusal to apply the Code or other Company policies of ethical-behavioral relevance must be notified to the line/division manager. If a member of the Board of Directors has justified reasons to supersede the rules of this Code, he/she must first ask authorization to the Supervisory Board.

The Company will publicly announce the reasons for the dispensation as soon as the Supervisory Board grants its approval.

NO RETALIATION

MOTOVARIO will take the necessary measures to investigate any violations of the law or Company policies. MOTOVARIO demands that its employees hold a fair and well-purposed conduct, also when reporting a breach of the law or Company policies: no retaliation against employees who have in good faith notified a spoken breach or who have taken part in the investigation of an alleged breach is accepted.

BREACHES RELATING TO SERVICE PROVISION

The Company bases its relations with employees on transparency and therefore informs them directly and in advance of what it expects of their conduct. At times, situations may occur that are so serious, they negatively affect the employees, the work, reputation, service to customers and/or profitability of MOTOVARIO. Employees may receive progress reports on their performance.

At times, the Management may establish that progress is not reasonably possible or that the infraction is so serious that it calls for the immediate termination of the employment relation.

CODE APPLICATION AND LEGAL CONSEQUENCES

Breaches to this Code may have severe repercussions on the Company.

Granted that this Code does not only represent a pronouncement of the moral principles that inspire the Company's business, but rather is also a tool to specifically comply with the requirements established by Leg. Decree 231/01, it follows that the criteria applied by the Board of Directors in authorizing dispensations to the Code must be very strict, always checking that they do not engender a violation of the principles of the Decree or the actual enforcement of the Code and, in a broader sense, of the Model: the dispensations must, if approved, be immediately publicized. Every employee must therefore promptly inform his/her line/division manager or the Supervisory Board of any conduct that he/she knows of, which constitutes or may constitute a violation of the rules of conduct or values here pronounced.

Breaches of the rules of conduct of this Code by employees may lead to the application of fines, according to law, the National Collective Labor Contract (hereinafter referred to as the "CCNL") and the Code itself. As soon as possible breach of this Code or of the other policies adopted by MOTOVARIO is notified, the Company will open a proceeding against the accused employee, in accordance with the procedures and terms referred to in art. 7, L. 300/70 and of the CCNL.

More specifically, disciplinary infractions to the rules of the CCNL and any Company regulation or the Code of Ethics can be punished, taken account of how severe the negligence is on part of the employee, in accordance with what described in the relevant paragraph of the organizational model.

Without prejudice to what stated in the paragraph on the **“Contractual relevance of the Code”**, accepting or, at any rate, endorsing its rules or some of them, or its principles is a mandatory preliminary condition required of third parties with whom the Company entertains business, professional consulting agreements or commercial partnerships, to stipulate any form of contract between them and the Company. The specific rules contained in the Code and accepted by said parties or, in any case, approved by them, even for facts concluding from the same, pursuant to the previous paragraph, constitute an integral and substantial part of the contracts stipulated by the parties with the Company.

Any breaches on the part of third parties to these Code rules will entitle the Company to end its contractual relations with said parties and may also be unquestionably seen as just cause to terminate the contract, pursuant to art. 1456 of the Civil Code. The Company demands that its employees hold a fair and well-purposed conduct, also when reporting a breach of the law or Company policies: no retaliation against employees who have in good faith notified a spoken breach or who have taken part in the investigation of an alleged breach is accepted.

IF SEEKING MORE INFORMATION ON THIS CODE

For further details on these topics or other similar ones, MOTOVARIO invites Recipients to contact the Supervisory Board (.....).

The rules on fines and on the breaches they may apply to and to the procedures for their appeal must be reported in a code of conduct and must be made known to workers by posting them in a place accessible to everyone. The rules of conduct must apply the pertinent contents of the collective contracts.

IDENTIFYING INFRACTIONS IN ADVANCE

It is not necessary for the code to include a precise and systematic description of the single infractions, their ranking and corresponding fines, since a loose but commensurate match-up between individual assumptions of infraction (albeit as said, approximate and not overly descriptive) and their estimated fine is sufficient, even if the fines may to some extent be arbitrarily applied and adjusted to fit the actual and practical negligence on the part of the worker, in accordance with the principle that calls for fines to be sufficiently specified so as to exclude that a judgment of the worker’s conduct in question can be entirely the matter of a one-sided and utterly biased opinion of the employer (Court of Cassation August 9, 1996, no. 7370).

Fines can also be levied against conduct outside of the workplace, when the nature of the service provided by the worker demands a high margin of trust that extends to the worker’s private life (Court of Cassation September 12, 2000, no. 11986).

Motovario SpA

Via Quattro Passi 1/3 - 41043 Formigine (MO) - Italy - Tel. +39 059 579700 - Fax +39 059 579710
info@motovario.it - www.motovario.com